



***Direct-access Notes
from the Nation's Largest Public Power Provider***



Presentation to:

**The 25th Annual
LaSalle Fixed Income Symposium and Exposition**

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John Hoskins

Chief Financial Officer (Interim),
Tennessee Valley Authority



Corporate Profile

Ownership

Wholly owned U.S. Government Corporation

Location

Southeastern United States

Credit Ratings

AAA/Aaa

2006 Total Revenues

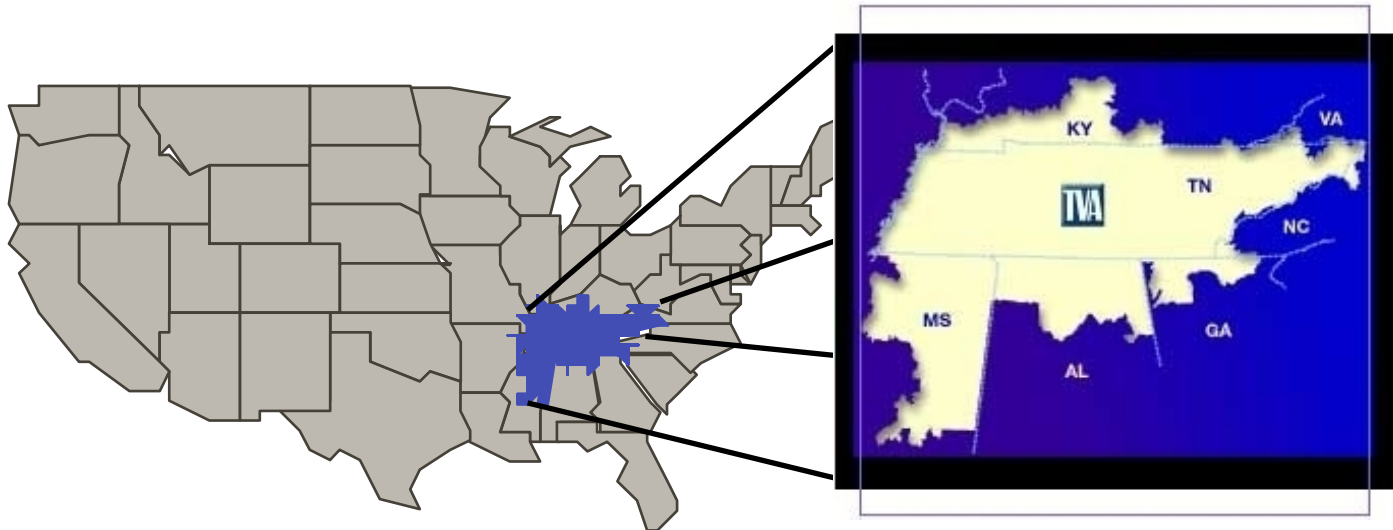
\$9.2 billion

2006 Total Power Sales

176 billion kWh (*among the largest in the nation*)

Core Business

Wholesale power generation, integrated river system stewardship, and economic development





electronotes[®] Program Highlights

TVA electronotes[®] offer quality investment options:

<u>Quality:</u>	Medium-term notes issued by America's largest public power provider
<u>Security:</u>	AAA/Aaa credit ratings
<u>Flexibility:</u>	Monthly offerings
<u>Tax Advantages:</u>	Exemption from state and local income taxes
<u>Variety:</u>	Maturities from 1 to 30 years, at competitive rates
<u>Peace of Mind:</u>	Survivor's option



Survivor's option included at the discretion of TVA, subject to certain conditions and limitations.

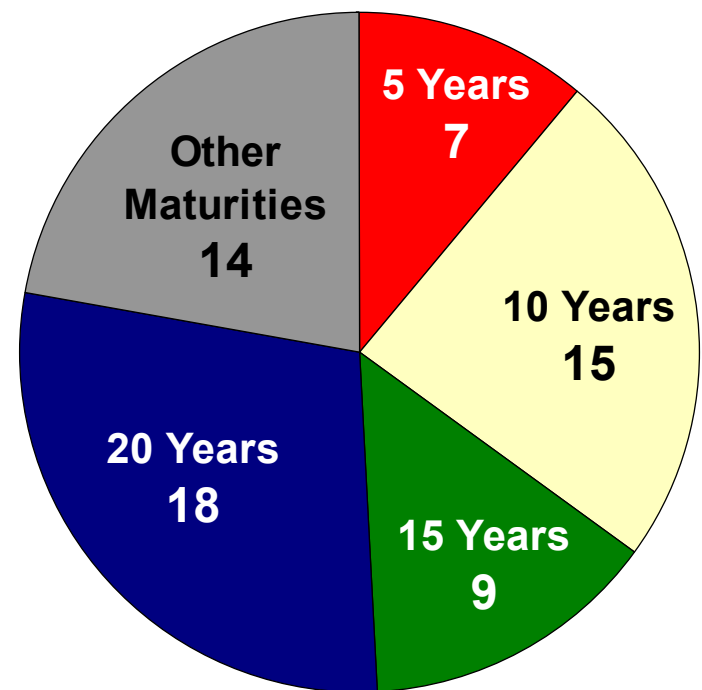


electronotes® Program Highlights



Date of Inception:	April 2001
Co-Agents:	9
Issuance (since inception):	\$2.0 billion
Currently Outstanding:	\$1.1 billion
Issues Outstanding:	63
Average Issue Size:	\$17 million
Coupon Range:	2.45% – 6.13%
Average Life:	9.7 years

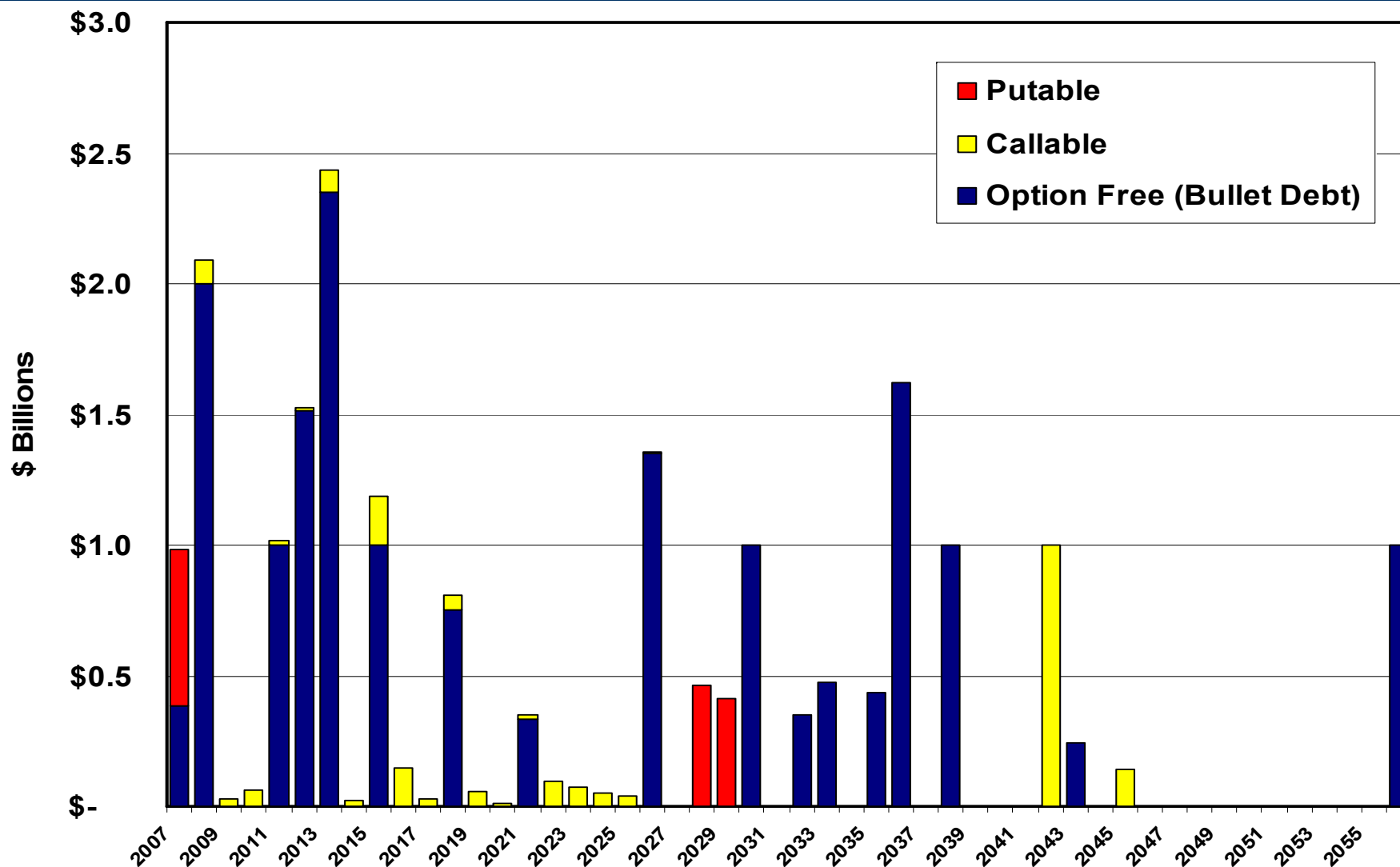
*Outstanding Notes by
Original Final Maturity*



As of December 31, 2006



TVA Bond Maturities



At September 30, 2006



What Makes TVA Unique as an Issuer?

- **Unlike GSEs or other agencies, TVA is an electric power provider and regional stewardship agency:**
 - America's largest public power provider
 - Power system infrastructure composed of tangible, cash-producing assets
 - Major reliability coordinator for the Eastern Interconnection power grid
 - Over 70 years of successful power and stewardship operations spanning several wars, multiple economic cycles, and various industry trends
- **TVA has a different structure than GSE issuers:**
 - Wholly-owned by the U.S. Government (no outside shareholders)
 - TVA finances are included as a part of the federal budget and in the financial statements of the U.S. Government
- **State and local income tax exemption on TVA bonds and notes**



Investor Advantages

- **First Pledge of Payment** – TVA bonds and notes are not guaranteed by the U.S. government. However, TVA bondholders are given first pledge of payment from TVA power revenues by the TVA Act.
- **Purpose of Issuance** – TVA may only issue securities to provide capital for its power program or to refund existing indebtedness.
- **State and Local Income Tax Exemption** – Both the principal and interest on TVA bonds are exempt from state and local income taxes. (TVA bonds are not exempt from gift, inheritance, or estate taxes, or from federal income tax.)
- **Credit Ratings** – TVA's rated bonds and notes are rated AAA/Aaa by major credit rating agencies, providing investors with high-grade alternatives to corporate, agency or government paper.



Investor Advantages

Effective Yield Comparison

TVA bonds are exempt from state and local income taxes. The effective yield on a state and local income tax exempt TVA bond may therefore be higher than that of a comparable taxable bond with the same coupon rate.

Hypothetical TVA Coupon Rate**	Required Taxable Equivalent Yield* at Various State and Local Income Tax Rates				
	2%	4%	6%	8%	10%
4.00%	4.08%	4.17%	4.26%	4.35%	4.44%
5.00%	5.10%	5.21%	5.32%	5.43%	5.56%
6.00%	6.12%	6.25%	6.38%	6.52%	6.67%

* Without taking into account any federal deduction for state taxes paid

** Before-tax yield



Forward-Looking Statements

This presentation contains forward-looking statements relating to future events and future performance. Any statements regarding expectations, beliefs, plans, projections, estimates, objectives, intentions, assumptions or otherwise relating to future events or performance may be forward-looking. In certain cases, forward-looking statements can be identified by the use of the words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “intend,” “project,” “plan,” “predict,” “assume,” “estimate,” “objective,” “possible,” “potential,” or other similar expressions.

Some examples of forward-looking statements include statements regarding TVA’s projections of future power and energy requirements; future costs related to environmental compliance; impacts of potential legislation on TVA and the likelihood of enactment of such legislation; strategic objectives; anticipated availability of nuclear waste storage facilities; projections of nuclear decommissioning costs; expectations about the adequacy of TVA’s nuclear decommissioning fund; the impact of new accounting pronouncements and interpretations; the anticipated cost and timetable for returning Browns Ferry Unit 1 to service; and impacts of pending litigation and various administrative orders which have been or may be issued.

Although TVA believes that the assumptions underlying the forward-looking statements are reasonable, TVA does not guarantee the accuracy of these statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements. These factors include, among other things, new laws, regulations, and administrative orders, especially those related to the restructuring of the electric power industry and various environmental matters; increased competition among electric utilities; changes to the provision that prohibits FERC from ordering TVA to deliver power from a non-TVA source to a customer if the power would be consumed within TVA’s defined service territory; legal and administrative proceedings affecting TVA; the financial and economic environment; performance of TVA’s generation and transmission assets; fuel prices; demand for electricity; changes in technology; changes in the price of power; loss of any significant customers or suppliers; creditworthiness of counterparties; weather conditions and other natural phenomena; damage to power production or transmission facilities or systems due to accidental events or terrorist activity; changes in accounting standards; and unforeseeable events. New factors emerge from time to time, and it is not possible for management to predict all such factors or to assess the extent to which any factor or combination of factors may impact TVA’s business or cause results to differ materially from those contained in any forward-looking statement.

TVA undertakes no obligation to update any forward-looking statement to reflect developments that occur after the statement is made. This presentation does not contain all information about TVA or TVA securities that is important for making investment decisions and does not constitute an offer to sell or a solicitation of an offer to buy any TVA securities.